



U.S. Department of Justice

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For Immediate Release:

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EVENT: Indictment

Defendant: Zack Brown et al

DETROIT DOCTOR AND EIGHT OTHERS INDICTED FOR HEALTH CARE FRAUD

A Detroit doctor and eight others have been indicted by a federal grand jury in Detroit on charges they were part of a scheme to recruit at least 34 "phony patients" to bilk Blue Cross Blue Shield of Michigan ("BCBSM") out of more than \$1 million, United States Attorney Stephen J. Murphy announced today.

Dr. Zack Brown, 59, and his biller, Davell Culberson, 66, also of Detroit, were charged with 72 counts of mail fraud, 34 counts of health care fraud, and conspiracy to commit both crimes, for the pair's role in billing BCBSM for more than 21,250 physical therapy services and injections between 1999 and 2003 that were never provided to patients.

Brown, a twice-convicted felon, was also charged with one count of felon in possession of a firearm.

In addition to the nine defendants charged in the 108-count Indictment returned under seal Thursday, Murphy announced today that seven other defendants, including five of Brown's top recruiters, have all pleaded guilty to health care fraud charges in the past three

weeks and have agreed to testify against Brown and the others charged in the indictment. These seven convicted defendants have also agreed to repay more than \$279,000 they admitted BCBSM lost as a result of their role in the scheme.

Meanwhile, another 19 individuals who were recruited into the scheme and agreed to let Brown bill their BCBSM cards in exchange for cash, have all signed pre-trial diversion agreements, promised to cooperate with the investigation and repay more than \$145,000 improperly billed to BCBSM, Murphy said. These individuals received checks totaling less than \$13,000 each.

According to the 67-page Indictment, Brown and his recruiters told BCBSM subscribers they could share in up to half of the amount the doctor falsely billed in their name if they would cash the checks they received from BCBSM and split the money with the doctor. Brown was not able to directly bill BCBSM because of questionable billing in the past. Once these "phony patients" signed up, Brown paid Culberson \$300 to \$500 a day in cash to submit claims for anywhere from 100 to 4,700 phony physical therapy services for each patient during the previous year, generating checks from BCBSM of between \$2,000 and \$13,000 to the "phony patients" who then split the money with Brown. Recruiters received from \$100 to \$300 each time they brought Brown cash from BCBSM subscribers they recruited. Most of those recruited to participate never met Brown and received no services. Two "phony patients" received checks totaling more than \$59,000 and were allowed to keep about half that amount. Many of the BCBSM checks were co-signed by recruiters or Brown and cashed at two or three party stores near Brown's office.

"For a doctor to submit thousands of false claims to a health insurance company is an abuse of the public's trust and helps contribute to the growing problem of skyrocketing health costs that place an unfair burden on honest citizens and the companies they work for," Murphy said. "My office takes this seriously and will work diligently to prosecute all those involved in such schemes. It's an extra cost of doing business this state can ill afford."

Murphy was joined in the announcement by Daniel D. Roberts, FBI Special Agent in Charge, David Krupnick, Special Agent in Charge of Health and Human Services of Office of the Inspector General ("HHS-OIG"), and Gregory W. Anderson, Vice President, Corporate and

Also charged in the Indictment unsealed Monday:

- Christopher Wilson, 38, of Detroit, one of Brown's recruiters, was charged with 15 counts of mail fraud, eight counts of health care fraud and conspiracy to commit both offenses. The eight "phony patients" he recruited received checks from BCBSM totaling \$59,958.
- Darlene Murray, 48, of Farmington Hills, another of Brown's recruiters, was charged with three counts of health care fraud and conspiracy. The "phony patients" she recruited received \$14,106 and would have received another \$12,001 if BCBSM had not stopped payment on some of the checks.
- Andrea Flournoy, 46, of Detroit, another recruiter and the cousin of Darlene Murray, was charged with five counts of mail fraud, two counts of health care fraud and conspiracy. The "phony patients" she recruited received checks totaling \$17,703.
- Kassandra Barnhill, 49, of Southfield, and a former BCBSM employee, and her son, John Barnhill, 25, were each charged with four counts of mail fraud, one count of health care fraud and conspiracy for four checks totaling \$13,195 that Kassandra Barnhill signed for services never provided to her son.
- Annette Wilson, 47, of Detroit, was charged with one count each of mail fraud, health care fraud, and conspiracy, for receiving \$2,407 in checks for phony physical therapy services, after being recruited into the scheme by her brother, Christopher Wilson.
- Maurice Humphries, 49, of Detroit, was charged with one count of health care fraud and conspiracy, for receiving \$1,989 for phony physical therapy services, after being recruited into the scheme by his sister, Darlene Murray.

In the past two weeks the following seven individuals, five of whom were recruiters for Brown's scheme, pleaded guilty to one count of health care fraud before United States District Judge Marianne Battani and are awaiting sentencing. They have agreed to repay BCBSM a total of \$279,660 in restitution. The date of their guilty plea, the number of individuals they recruited, the fraud loss caused to BCBSM and their respective sentencing dates and times are as follows:

| Defendant | Date of Guilty Plea | Number recruited | Loss to BCBSM | Sentencing Date/Time |
|-------------------------------|----------------------------|-------------------------|----------------------|-----------------------------|
| Vanessa Gray, 46, Detroit | Dec. 15, 2005 | 4 | \$102,873 | April 4, 2006, 3 p.m. |
| Robert Jefferson, 50, Detroit | Dec. 13, 2005 | 11 | \$ 86,057 | March 30, 2006, 3 p.m. |
| Ardelia Davis, 47, Detroit | Nov. 30, 2005 | 6 | \$ 47,481 | March 14, 2006, 2 p.m. |
| Mary Ferguson, 61, Detroit | Dec. 12, 2005 | 0 | \$ 37,607 | March 30, 2006, 2:30 p.m. |
| Cecil Burney, 53, Detroit | Dec. 15, 2005 | 2 | \$ 36, 081 | April 4, 2006, 2:30 p.m. |
| Corey Broaden, 28, Detroit | Dec. 9, 2005 | 2 | \$ 32, 549 | March 30, 2006, 2 p.m. |
| Jerome Pryor, 44, Detroit | Dec. 14, 2005 | 0 | \$ 5,574 | April 4, 2006, 2 p.m. |
| Total loss to BCBSM | | | \$ 279,660 | |

Under the plea agreements reached with the government, in addition to fines and restitution, these seven defendants are facing between 4 months and 16 months in prison, but could receive home detention or other alternative sentences, in part for cooperating against the other defendants. The final sentence, determined in part by the United States Sentencing Guidelines, will be up to Judge Battani.

If convicted of health care fraud, Brown and the other eight defendants charged in the

Indictment face a maximum of 10 years in prison and a \$250,000 fine.

Of the 19 BCBSM subscribers who have entered into pre-trial diversion agreements, most have already started making monthly restitution payments. Thus far, BCBSM has received restitution totaling more than \$12,000.

Although the Indictment focuses on more than \$410,000 paid to more than 34 BCBSM subscribers allegedly recruited into the scheme by Brown, Blue Cross Blue Shield officials estimate as many as 100 individuals may have participated in the scheme, which they estimate cost them more than \$1 million. The U.S. Attorney's Office will soon mail out letters to those who have not yet been contacted by the FBI and HHS-OIG agents and give most of them a choice of entering into pre-trial diversion agreements and paying restitution to BCBSM or risk being charged along with the nine defendants indicted last week.

The investigation, which is ongoing, has also provided evidence of improper billing of Medicare. For example, one of the defendants who pleaded guilty last week has admitted recruiting a Medicare patient, for whom false bills were submitted.

Daniel D. Roberts, FBI Special Agent in Charge, said: "Health care fraud puts the health and finances of all Americans at risk. The FBI continues to investigate these cases to bring the perpetrators, and those who would sell their insurance cards to commit fraud, to justice."

David Krupnick, HHS-OIG Special Agent in Charge, added: "Today's indictments send a clear message that people who defraud Medicare and private insurers will be investigated vigorously and prosecuted to the fullest extent of the law. The Special Agents of the HHS/OIG and the FBI, along with the prosecutors of the U.S. Attorney's Office have done an exceptional job in the case of protecting the citizens of Michigan and the United States from costly healthcare fraud."

Gregory W. Anderson, Vice President, Corporate and Financial Investigations, of BCBSM added: "I would like to thank the FBI, the Office of Inspector General and the United States Attorneys Office for pursuing those individuals that take valuable health care dollars

from those who really need it. I would like to extend a special thanks to our members who called on our hotline to report this egregious activity. We would urge anyone that suspects fraudulent activity to call the Blue Cross Blue Shield of Michigan toll free anti-fraud hotline at 1-800-482-3787.”

An indictment is only a charge and is not evidence of guilt. A defendant is entitled to a fair trial in which it will be the government's burden to prove guilt beyond a reasonable doubt.

Murphy congratulated the hard work of the special agents of the FBI and HHS-OIG and fraud investigators at BCBSM for their efforts in pursuing the dozens of leads generated by this case. The case is being prosecuted by Assistant U.S. Attorney James Mitzelfeld.